Draft Dept

FOR MYSORE STATE

Fo MSM 3093

1955

Sandur distillery - closure Compensation
Certain payment to the Ex-distiller - Report
submitted.

BOARD OF REVENUE (EXCISE) DEPARTMENT.

Subject: Sandur - Distillery - Closure - Compensation - certain - Payment to the Ex-distiller - Report - Submitted.

Read: From the Assistant Commissioner of Distilleries, C.R. 2954/49-A dated 12-4-50.

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C.R. No. 14392 Abk/50 XA2.

Station, Triplicane, Madras-5. Dated: 27-4-1950.

From

Sri P. Rajagopalachari,
Assistant Secretary, Board of Revenue (Excise).

Sri V.N. Kudva, I.C.S.,
Member, Board of Revenue & Commissioner of Commercial Taxes.

REFERENCE:

According to condition 6 of the Memorandum of Agreement between the Sandur State and the Distiller, if for any reason the State does not purchase the full ~~maxi~~ quantity of 500 gallons of arrack in any month, the State should compensate the distiller to the extent of the quantity by which it falls short of 500 gallons. The Assistant Commissioner of Distilleries, in his letter cited, reports that in view of the introduction of Prohibition in the Sandur area from 1-4-50, only 361 gallons of arrack was taken from the distillery in the month of March 50 leaving out a balance of 139 gallons to regulate supplies to shops so that no balance would be left either in the depot or in the shops on the evening of 31-3-50. The distiller is therefore entitled to a compensation of Rs. 695/- being the cost, at Rs. 5/- per gallon, of the 139 gallons of arrack not taken by the State. The Assistant Commissioner of Distilleries reports that there is

p.t.o

-2-

no question of adjustment of duty on the 139 gallons, as duty is adjusted only on actual issues. In the above circumstances, the Board recommends that the Government may be pleased to sanction the payment of the compensation of Rs. 695/- to the distiller. The application of the distiller for payment of compensation and the file containing the Memorandum of Agreement between the distiller and Sandur State are enclosed. The file may be returned after perusal by Government.

Assistant Secretary.

To the Secretary to Government,
Revenue Department. (with an application & file).

cnn27450

Revenue Deptt

Memo No. 28508-D/50-1 of 21.5.50

Prohibition - Sawdust - Extension of Prohibition from 1-4-50 - Payment of Compensation for arrack not purchased in March 1950.

From the Board of Revenue Madras CR No. 14392 Ab6/50XA2 of 27.4.50.

The Board of Revenue is requested to state very urgently the quantity of arrack which the distiller had in stock during March 1950. ~~of the quantity~~ distiller had in stock more than the 361 gallons purchased by the Govt; the Board is also requested to state

2 N 4

What was done with the balance when Prohibition was extended to Sweden on 1-4-50.

26.5.50

27-5-50.

To The Od & Gen (Sec)

5

D2 2650

BOARD OF REVENUE (EXCISE) DEPARTMENT.

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Prohibition - Sandur - Extension of Prohibition from 1-4-50 - Payment of compensation for arrack not purchased in March '50 - Information - Certain - Furnished.

Read:- Govt. Memo. No.28508 D/50-1, dated 27-5-50.
2. From the Asst. Commr. for distilleries, CR.2954/49-A dated 16-6-50.

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Station: Triplicane, Madras5.
C.R.No.14392 Abk/50 XA2. Dated 21-6-50.

From

Sri V. Krishnamurti, B.A.
Asst. Secretary, Board of Revenue (Excise).

Sri V.N. Kudva, I.C.S., Member, Board of Revenue and Commissioner of Commercial Taxes.

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REFERENCE:

The stock of arrack in the Sandur Distillery during March '50, was 566.2 Bulk Gallons. Out of this, a quantity of 361.0 Bulk Gallons was issued to the depot. The balance was destroyed on 1-4-1950 by the Deputy Prohibition Officer, Hospet under Board's orders in view of the introduction of Prohibition in Sandur area from that date.

22/6/50

ASSISTANT SECRETARY.

To:

The Searetary to Government,
Revenue Department, Madras.

B. 22-6.

Pl. issue with reln. 7.8.50

1/9/8.

Devt Depts

CRO 28508 5/50

Prohibition - Sandur - Extension of prohibition from 1.4.50 - Compensation to the distiller for arrack not purchased in March 1950 - Payment - ~~ordered~~ Sanctioned.

Ref: From the Bd of Rev (Ex) CR No. 14352 Obk/50 XA2 of 27.4.50

Memo No. 28508 D 50-1 Rev of 21.5.50

From the Board of Rev (Ex) CR 14352 Obk/50-XA2 dated 21.6.50.

GO MS No. 3093 of 8/8/50.

The Govt accepts the recommendation of the Board of Rev (Ex) and sanctions the payment of a compensation of Rs. 695/- (Rupees six hundred and ninety-five only) to the former distiller at Sandur ~~being the cost~~ calculated at Rs 5/- per gallon for 139 gallons of arrack

not purchased by the Govt due to the introduction of prohibition in Sandusa from 1.4.50

2. The expenditure should be debited to ("8 [redacted] Estate [redacted]").

28750

28750

30250

M/s. 8.50

Vide memo 100807/50 Dated 26.2.50

To The Bodyguard, with enclosure Rs 3.15

To A.G. through [illegible]

Prohibition - Sandur- Extension of Prohibition from 1-4-50 - Payment of compensation for arrack not purchased ~~f~~ in March 1950.

CF Refce. From the Bd. of Rev.(Exc.) C.R.No.14392 Abk/50 XA2 dated 27-4-50.

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To A.S.

Please see the Board's Refce. in the CF.

2. The Advocate-General previously stated that condition 6 referred to by the Bd. on p-1 CF contemplated the contingency of the supplier having manufactured 500 gallons and the State not taking that quantity and that it was reasonable that ~~xx~~ in such an event the distiller must be paid the entire cost of the 500 gallons. The Advocate General also stated that if for any reason the distillery itself was not allowed to be worked and the supplier did not incur any expenditure in manufacture, the measure of damages could only be reasonable compensation viz. loss of profits at 12 annas per gallon. The Govt. therefore sanctioned the payment of compensation to the Sandur distiller (at the rate of 12 annas per gallon per month) of Rs.1,875/- for the period from 1-8-48 to 31-12-48 when no arrack was purchased from the distillery as a security measure and another compensation of Rs.6,968/- (also at the rate of 12 annas per gallon per month) for the period from 1-4-50 to 18-10-51 when the distillery was closed before the expiry of the contract on account of Prohibition ~~the contract with the distiller expires. Attention is invited to the memo. to the Govt. Solicitory on pp.44-46 CF and the Advocate General's opinion on pp.47-49 CF of 'Z' in regard to fixing the rate of compensation to the distiller.~~

3. In its Refce. the Bd. has stated that during the month of March only 361 gallons of arrack were purchased from the distillery in view of the introduction of Prohibition in Sandur, as against 500 gallons as per agreement, and that compensation will have to be paid with refce. to clause 6 of the agreement with the distiller. The Board recommends the application of the distiller for a compensation of ~~xxxxx~~ Rs.695/- (being the cost at Rs.5/- per gallon of the 139 ~~xxx~~ gallons of arrack not purchased during March by the State

(P.T

It would appear that in view of the Advocate General's opinion referred to in para 2 above the distillery need be paid compensation at Rs.5/- per gallon for 139 gallons only if he manufactured that quantity and the arrack was not purchased by the Govt. If the distiller did not manufacture 50 gallons but only 36 gallons Otherwise it would appear that compensation need be paid only at 12 annas per gallon. In the circumstances it is for orders whether the Bd. may be asked to report the quantity of arrack manufactured by the distiller during March 1950 before deciding on the question of compensation.

4. Legal and Finance may see.

The proposed reference to the Board may
Jo. Deptts Can be after the receipt of
the Board's reply Please draft. Legal

24.5.50

To AS

Refer. orders
The draft memo. sealed below is for
approval.

27.5.50

TO the Bd of Rev Memo No 28508 B/50
dated 27-5-50.
From the Bd. of Rev (R. 14392 A6-K/50
XA2-5 21-65

TO AS

NOTES from page 1 ante
Memo to the Bd. at P 16 and
and the Bd's reply at P 18
may be perused

2 Since the stock of arrack
in the Lawdem Distillery during

March 1950, was 5662 bulk gallons, the distiller has to be paid Rs a compensation of Rs 6957 (being the cost at Rs 5/= per gallon for 1391 gallons not purchased in March 50) as recommended by the Bd. It is therefore for orders whether the Bd's recommendation may be accepted.

3/ Legal and Fin may see.

(i.e the Distiller has about manufactured the stipulated quota (5662 bulk gallons) for the Sandur State) (2)

Xan/p2 cf

TBr 29/6/50

Secretary 30/6/50.

The Compensation recommended by the Board in its reply at pp 1-2 cf might sanctioned

7/7/50 D.S.

Secretary 3/7/50

This may be sent to Dev Dept 12.7.50

ASSISTANT SECRETARY 10763. 14 JUL 1950 LEGAL DEPARTMENT

To At submitted. 12/7/50

Dev 12/7/50 My 13-7-50

Dev No 28508 S/501 13/7/50

DS/Legal/Fin

Legal Depot

Seen in Legal. The compensation recommended by the Bd. is in accordance with the A.G's opinion at pp. 47-49 of (2).

Leg. h.o. 10763/50-1 14.7.50

Legal Dept

Finance.

14 JUL 1950 LEGAL DEPARTMENT

63346

Finance (Exp.B) Deptt.

The notes on pp 1-3 above may be perused.

The case relates to the payment of compensation to the Sandur distiller for arrack not purchased in March 1950.

According to Condition 6 of the memorandum of Agreement between the Sandur State and the Distiller, if for any reason, the State does not purchase the full quantity of 500 gallons of arrack in any month, the

State should compensate the distiller to the extent of the quantity by which it falls short of 500 gallons. As it is stated that during March 1950 only 361 gallons of arrack were purchased from the distiller in view of the introduction of prohibition, as against 500 gallons as per agreement, the Board of Revenue has recommended a compensation of Rs.695/- to the distiller being the cost at Rs.5/- per gallon of the 139 gallons of arrack not purchased in March 1950) and Revenue propose to sanction the compensation of Rs.695/- recommended by the Board. Legal Department have stated that the compensation recommended by the Board is in accordance with the Advocate General's opinion at pp.47-49 of (Z). This Department may agree to the proposal of Revenue at A above.

'A'

20.7.50

24/7/50

Dev

Dest Dept

68893 S2 26/7/50

Fin U.O.63346EB-1

24-7-50.

FIRST ASST. SECRETARY TO GOVERNMENT
26 JUL 1950
DEVELOPMENT DEPARTMENT

To RS

The notes from P/1 above may be perused: Legal and Fin agree to the proposal of this Dept to pay a compensation of Rs. 695/- to the distiller as recommended by the Board of Rev being the cost at Rs 5/- per gallon of the 139 gallons of arrack not purchased by Sandur State in March 1950 due to the introduction of prohibition in that State from 1.4.50. A draft order is subs. below for approval

28/7/50

30750

DS/1

DSR 6/8

Hd(Prohn)

7/8/50